NATIONAL HEALTH INSURANCE PROPOSALS: LEVERAGE FOR CHANGE?*

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I APPRECIATE the opportunity to appear here on behalf of the American Hospital Association. I shall spend most of my time in explaining Ameriplan to you and only a small portion of my time in distinguishing it from the other proposals to be discussed here. First, since Mr. Robert E. Patricelli has already done this and, second, because our proposal is perhaps the latest on the national scene, and as yet is not embodied in bill form. Also, I consider it a relatively complicated proposal, so I should like to explain why we recommend our proposal and what we hope to accomplish by it.

Mr. Patricelli in addition has stolen my opening statement, which was that Ameriplan is a radical proposal. It is perhaps enough to say that to find the American Hospital Association endorsing in principle a proposal which can be termed radical is in itself a radical change. Nonetheless the Association feels strongly about the merits of Ameriplan.

Ameriplan was proposed to the association by a 15-member committee which included hospital administrators, three practicing physicians, hospital trustees, and attorneys. It was a committee whose members were extremely diverse, both in their philosophy as to what future the health care delivery system should take as well as diverse in geographical location, background, and experience. I must say that when I first became acquainted with my fellow members of the committee I despaired of any report which would be either unanimous or cohesive.

*Presented in a panel, National Health Insurance Proposals: Leverage for Change? as part of the 1971 Health Conference of the New York Academy of Medicine, *Toward A National Health Program,* held at the Academy April 29 and 30, 1971.

The committee met for 14 months. It consulted extensively with proponents of all the other proposals then extant. It met in long working sessions. The committee was charged to examine the health care delivery system and proposals for national health insurance without regard to how it would affect the American Hospital Association or its members, and with the stipulation that our report would be published immediately upon its submission, even before any action was taken on it by the association.

In other words, the committee was totally free to design a system (or no system, if it chose) without any prior restraints. I think that the resulting report is truly pragmatic. Despite the diversity of the committee's initial views and philosophy, the committee believes strongly that only through a radical restructuring of the health-care delivery system is it possible to retain its best features and still accomplish the large task of delivering care that still faces us.

I for one feel that the only way for a conservative body to act when it feels the time has come to act is to act radically. The difficulty is always not enough reform rather than too much. I am pleased that our committee chose the radical course. The unanimous adoption of the report by the committee and its adoption in principle by the association only three months after it was presented reflects clearly the urgency of the need to restructure which both the committee and the association felt.

The basic recommendation of Ameriplan is that henceforth the delivery of health care should be accomplished through a system of new organizations called Health Care Corporations. About 4,000 of these organizations would span the entire United States, providing comprehensive care for all who desire it. Ameriplan is founded on the basic, and I think incontestable, principle that health care is an inherent right of every individual and of all the people of the United States.

Corollaries of this basic principle are that health services must be so organized and located that they are readily accessible to all; that they be available without regard to race, creed, color, sex, age, or any person's ability to pay, and delivered in such a way as to enhance the dignity of the individual and improve community life; and, finally, that it is the responsibility of government to assure that these objectives are met. I particularly emphasize the word "assure" rather than "undertake." A system of health-care corporations, providing local control at

the operating level, state supervision, and uniform national standards is, we feel, the best way to implement this basic principle and its corollaries most effectively and equitably for all.

We felt that health care is an extremely personal matter and that local control and operation was essential. At the same time there must be controls and uniform rate setting. We selected state government to accomplish this. And we propose that there be national uniform standards to assure uniform care to all. In short, what is proposed is a totally new system, not a Band-Aid on our present troubles.

Some may believe that our proposal is complicated. It is. But the health field is tremendously complex, complicated, and interrelated. Easy solutions do not exist.

I should also state strongly that Ameriplan is not a hospital proposal as such and that it is not directed toward establishing superhospitals. Hospitals will be only one component of the health care corporation. Let me explain a little more fully the organization of the health care corporation.

Ameriplan would restructure the delivery system through a system of health care corporations that would deliver the care on a local level. In order to operate, they would have to convince the state that they had the potential—I emphasize the word potential—to provide all five components of comprehensive health care to all of their registrants: health maintenance, primary care, specialty care, restorative care, and health related custodial care.

The network of health care corporations would cover the entire geographic area of each state. The key point is that the entire territory of the state would be served and covered by health care corporations and that every person would have the right to join one corporation as a registrant. Registrants would have a choice of health care corporations to affiliate with, for in urban areas more than one such corporation would exist. And, quite crucially in our opinion, the registrants would have a real say in the management of their health care corporation. We believe strongly that the health care field can no longer ignore its responsibility of having the consumer represented meaningfully in management.

Health care corporations would be providers of care that would link the various components and the various providers by contract within the structure of the health care corporation. They would be

controlled as to quality and supervised as to rates on the state level by new agencies called State Health Commissions, which would be set up specifically for this purpose. These agencies would be responsible for initially approving health care corporations and seeing to it that the entire state was covered by such corporations—if necessary, establishing them themselves.

The state would be responsible for seeing that all people have a right and an opportunity to join a health care corporation, and that someone has the responsibility of serving them. And, finally, the state would be responsible for the operating system in rate setting and for quality control and supervision.

The National Health Board would set uniform national standards, would set up the mechanism under which the state health commissions would fulfill their responsibility for supervision of quality and, finally, would make recommendations to Congress for new benefits and for extension of coverage.

How would Ameriplan benefit the public? First, it would assure uniform care for all. Second, it would create continuity of care, encouraging health care corporations to establish ambulatory care centers and physicians' offices within the corporation, would interrelate health care institutions providing care for inpatients with acute illness and extended care; it would facilitate transfer of people between these facilities, assure identical ranges of service and uniform quality, maintain a uniform personal health record for all Americans, assure round-the-clock emergency services and emergency transportation. Eventually the system would provide counseling and a certain amount of health care education to the general public.

How would Ameriplan affect providers and physicians? I wish to make it clear that it is essential to this plan that physicians be given a say in the management of health care corporations, that they be encouraged by contract to provide their services to health care corporations under a variety of reimbursement schemes: for instance, in regard to salary, fee for service, or group practice. The physicians, however, should accept the responsibility for management, for quality control, and for costs.

The health care corporation concept is meant to encourage a multiplicity of methods of rendering care. It would encourage providers to experiment, to affiliate themselves with health care corpora-

tions, and to move closer to a cohesive whole as a strong operating entity.

Moreover it would provide a system for continuing education for health care personnel within the health care corporation although not displacing the responsibility of the educational system in this area, and by inservice training it would provide career ladders for people. We also feel it is essential to involve all of the physicians in the community, so that they should all have opportunities to affiliate with a health care corporation.

How would Ameriplan be financed? We have one basic principle: that all the money presently in the health care system be retained. We cannot cancel private money and replace it with federal funds. We must supplement it.

We have attempted to provide levers for change, for restructuring the health delivery system, These levers are in the proposed benefit packages, which would include most inpatient services as presently defined, funded totally through general federal revenues for the poor and in part for the near poor, and through a specific tax collected through Social Security for the aged. Direct private payments and present prepayment plans would provide these benefits for all those for whom government is not required to pay.

Catastrophic illness and health maintenance benefits would be available to all and funded through general federal revenues for the poor and in part for the near poor and through a specific tax for all other persons including the aged.

To summarize: catastrophic illness benefits and health maintenance benefits for most of us present at this conference would be financed through a special tax collected through the Social Security mechanism. These benefits would be available only to registrants of health-care corporations and, in order to qualify, every registrant would need to show that he has purchased or has been provided with the standard benefits package.

I should add that there is a necessary supplemental package which should be purchased to take up the difference between the standard benefit package and the catastrophic benefit package for those in an upper income level where, because of their income, the federal catastrophic benefits would not be realized immediately. Thus there is a graduated income provision in the catastrophic benefits.

This kind of initial financing would assure levels for change and provide certain needed new benefits, and would move the systems toward health maintenance at a reasonable beginning tax cost. We feel quite strongly that to move from our present system to the reorganization we feel necessary will take a considerable amount of time, and we want to begin to restructure the system now in order to be ready to provide increased mandated benefits should the American public decide that this is required.

In other words, what we visualize is a phasing-in, a movement toward a different system, and we have attempted to set forth a blueprint to do this. At present, as some of you may be well aware, there are organizations which are already operating health care corporations in the United States, and we are moving within the American Hospital Association through a program of education to continue to develop even more health care corporations in the absence of legislation.

Let me turn for a moment to the other proposals for delivery of health care. We feel that most of the other proposals for providing health care deal primarily with financing rather than with the major problem: how to reform the system to give it the coherence and cohesiveness to deliver comprehensive health care without the massive dislocation which would take place if this were attempted immediately and without a phasing-in process?

Many proposals seem to emphasize the infusion of new money and predominantly new benefits. Our committee believed that we cannot deliver better care merely by putting large sums of new dollars into the present delivery system. More important than additional money is a better organization of the system and greater incentives for the efficient provision of higher-quality care to all.

The committee felt that federalizing the health care system was no solution. Likewise, we came to agree that it is no longer tolerable to keep the system as it is, with fragmented units of health care ranging from individual practitioners all the way to the largest organizations and with physicians largely uninvolved in the responsibility for how health care delivery systems work, how effective they are, and what they cost.

The committee concluded that its task was to propose a system in which the totality of health services would be provided more effectively and more efficiently for all, and to provide a blueprint for a

system, and a direction for that system, which would grow, mature, and serve for the next 50 years. At the rate at which change is occurring in this country, that is a rather radical proposal in itself.

We feel that the proposal of Senator Edward M. Kennedy attempts too much, too rapidly, too soon. We do not disagree with the objectives. With respect to the administration's proposal, health maintenance organizations in our opinion are satisfactory way stations along the road to the kind of over-all plan that we propose. And I think Mr. Patricelli was quite accurate in saying that our concept of a health care corporation is more radical.

We do not feel that health maintenance organizations (HMO's) are inconsistent with what we are proposing. We do feel that because of their voluntary nature HMO's are likely to spring up exactly where they are needed least, and that is a weakness. But we welcome that direction. In fact, we welcome the direction that all of these proposals are taking.

The primary point the committee has been trying to make is that, in order to restructure the health care delivery system, someone must be given the responsibility for the task. We have chosen to give this responsibility to health care corporations by saying that they would be responsible for delivering care to all registrants in their area, which would include people from the ghettos and rural regions—and that it will be their responsibility to determine organizationally how to do it, how to bring the providers together, and how to bring the physicians into the system and to provide them with incentives.

The country requires that the health care delivery system be changed. We are saying that Ameriplan is the best way to do it—not a perfect way—but the best direction. And we want to lead.